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**App/2**

**FELIXSTOWE BRANCH LINE & IPSWICH YARD  
IMPROVEMENT ORDER**

**SUMMARY**

**PROOF OF EVIDENCE**

**of**

**Andrew Harston**

**Port Development Director**

**THE PROPOSAL & NEED FOR THE  
DEVELOPMENT**



**Port of Felixstowe**

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This proof of evidence relates to the implications of the following application:

An application under section 1 of the Transport and Works Act 1992 for works to improve Ipswich Yard through the provision of new sidings and other associated works between London Road Bridge and Ipswich railway station and to construct a second railway line in alignment with and to the southern side of the existing Felixstowe Branch Line from a point west of Mile Post 78.5 on the Branch Line to a point east of the railway platforms at Trimley station, to include works to level crossings along the Branch Line, made on 13 December 2005 and including the revisions and amendments submitted to the Secretary of State for Transport on 5 May 2006.

Application  
reference:

TWA 05/APP/04

- 1.1 I am Andrew Harston, Port Development Director of Hutchison Ports (UK) Limited (HPUK) the body responsible for the management of the ports of Felixstowe, Harwich International and Thamesport.
- 1.2 I have responsibility for the development of HPUK's port assets including the delivery of the major development schemes at Felixstowe South and Bathside Bay.
- 1.3 I am responsible for the application for the Felixstowe Branch Line dualling and the Ipswich Upper Yard improvements. The Felixstowe Dock and Railway Company (FDRC) is a subsidiary company of HPUK and is making the application for the Order.
- 1.4 The purpose of my Proof of Evidence is to give an overview of the application before this Inquiry, explain FDRC's involvement with the proposed rail works and to give evidence on the aims, objectives, and need for the proposed works. I will also address whether the proposals are capable of attracting the necessary funding.
- 1.5 The Secretary of State in his decision letter (CD10) for the Felixstowe South Reconfiguration (FSR) approved on 1<sup>st</sup> February 2006 ,agreed with the Inspector that, *"there was a pressing and increasing need for additional deep water container handling facilities in the UK to meet the national need for additional container handling capacity and that Felixstowe was well placed to meet that need."*
- 1.6 FSR is an important development for the UK and the facilities provided are vital to meet the UK's needs as a trading nation. Additional port facilities are required to ensure the UK does not lose business to non-UK ports. A loss of such business or a failure to meet the growth of such business will substantially harm UK economic growth and the general prosperity of the UK.
- 1.7 In December 2005 an Application was made to the Secretary of State for Transport for the proposed Felixstowe Branch Line and Ipswich Yard Improvement Order under Section 1 of the Transport & Works Act 1992 (the TWA Application) (CD/4).
- 1.8 The proposal is to dual the length of track commencing to the west of Potters Hole, near Levington, as far as the existing dualled track section of the branch line just west of the level crossing at Trimley St Mary; and for works to improve the existing Ipswich Yard currently used for marshalling of trains.

- 1.9 The ability to increase the number of containers transported by rail is sought, i) to support the FSR scheme as required by the Strategic Rail Authority (SRA) and the Highways Agency, ii) to accommodate the organic growth and customer demand<sup>1</sup> at the existing Port, and iii) is in line with Government transport policy<sup>2</sup> and the policy as expressed in the decision letters for FSR.
- 1.10 The obligation for FDRC to undertake works to rail infrastructure falls directly from the obligations set out in a Section 106 Deed made between Suffolk Coastal District Council, Suffolk County Council and FDRC relating to the FSR scheme (CD1).
- 1.11 HPUK is a member of the Hutchison Port Holdings (HPH) Group; HPH is the world's leading port investor, developer and operator with interests in 22 countries throughout Asia, the Middle East, Africa, the Americas and Europe.
- 1.12 The Port of Felixstowe (the Port) is the largest container port in the UK. In 2005 it was ranked fifth in North Europe and twenty- ninth in the world handling around 2.8 million twenty-foot equivalent units (TEUs<sup>3</sup>).
- 1.13 Over the last ten years container throughput has increased from 1.7m to 3m TEUs in 2006. The number of staff directly employed by the Port has increased from 1,915 (1994) to 2,503 (2006) with a corresponding increase in the wage bill from £51.65m to £104.8m. It is estimated that over 12,000 people in Suffolk<sup>4</sup> derive their livelihoods in the ports, logistics and shipping industries, the Port being a significant contributor to these sectors. In addition these sectors employ the services of many other local companies thereby generating additional jobs.
- 1.14 The Port owns and operates the UK's busiest 'Open Access' intermodal rail terminals. The existing facilities consist of 2 rail terminals.
- 1.15 Container volumes transported by rail have increased significantly in recent years from 200,000 containers in 1997 to 379,000 containers in 2006. In 2006 rail volumes

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<sup>1</sup> Supp/06, Supp/07, Supp/08, Supp/10, Supp/11, Supp/12, Supp/14, Supp/15, Supp/16, Supp/17, Supp/18

<sup>2</sup> Supp/13 and the evidence of Ian Gilder.

<sup>3</sup> Whereas in the UK it is normal to use metric equivalents, in considering container traffic many measurements are normally given in imperial, as in this report, particularly relating to dimensions of containers.

represented 23% of the port's UK domestic throughput. The combined capacity of the current facilities is 425,000 containers per annum.

- 1.16 In November 2003, HPUK submitted a planning application to reconfigure part of the southern part of the Port in order to provide additional container terminal capacity. This project :known as FSR received consent on 1st February 2006 and included a new rail terminal (CD10 / CD11). The resultant increase in container throughput would enable traffic through the Port to increase by over one third. Forecast demand for hinterland traffic predicts an increase of 13 trains per day.
- 1.17 In December 2005 an application was made for the Felixstowe Branch Line and Ipswich Yard Improvement Order.
- 1.18 The 2 rail terminals are limited by the Branch Line freight capacity of 25 trains per day. To the extent that these trains and this container traffic cannot be accommodated on the railway network that serves the Port, the traffic will be redistributed, primarily onto the road network.
- 1.19 The forecast for 2023 is for 38 train departures per day. A modal share of 26% resulting in forecast rail throughput of some 1.1 million TEUs per annum<sup>5</sup> (CD3).
- 1.20 The Secretary of State in granting planning permission to FSR concluded that he agreed with the Inspector that:

*"there is a pressing need for additional deep water container handling facilities in the UK and that the works which would be authorised by the HRO and associated consents... are suitable for meeting that need and would help to do so."*<sup>6</sup> (CD10)

Furthermore, the First Secretary of State's conclusions were that he agreed with the Inspector that the FSR proposal:

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<sup>4</sup> Source – The Akenham Partnership Skills Needs Analysis (16<sup>th</sup> April 2002) funded by Learning + Skills Council for Suffolk.

<sup>5</sup> CD/3

<sup>6</sup> Secretary of State's decision letter in relation to the Felixstowe South Reconfiguration, 1 February 2006

*"would make a contribution to meeting a recognised and urgent national need, while achieving improved safety on the roads and increasing the share of goods carried by rail."*<sup>7</sup>(CD11)

- 1.21 Previously, during 2004 an Inspector heard an inquiry into HPUK's proposals to create a new deep water container terminal at Bathside Bay, Harwich. The Harwich International Container Terminal proposal (HICT) was granted consent on 29 March 2006.
- 1.22 In response to the FSR and HICT proposals, a Joint Study Group (the Group) was formed to examine and report on national rail impacts arising from the port proposals. The Group examined: projected demand, existing rail capacity, gauge clearance, and the scope of works required where there were shortfalls. In November 2004 the Group published its report (CD3).
- 1.23 In the context of FSR, the report stated that,
- "the existing Branch Line and Ipswich Yard are already more or less at capacity. To achieve the approximate doubling of capacity to meet Felixstowe demand, physical alterations to the rail network are required. ...*
- At Ipswich Yard it is feasible to construct three new sidings of sufficient length to accommodate 24 wagon trains clear of the existing tracks. ... It is estimated that these new works plus the existing sidings will provide the necessary capability."*<sup>8</sup>
- 1.24 The report was unequivocal that in order to meet the extra traffic to be generated by the Port there was a need to improve the Branch Line and Ipswich Yard: *"The rail network is already close to the limit of what can be achieved without further improvement to capacity"*<sup>9</sup>.
- 1.25 In the course of the FSR inquiry, HPUK agreed a Statement of Common Ground on the topic of rail transport (CD2). In particular, it stated: *"Capacity works will be required*

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<sup>7</sup> First Secretary of State's decision letter in relation to the Felixstowe South Reconfiguration, 1 February 2006

<sup>8</sup> Page 7 of the Report of the Joint Study Group, *"Impacts on the national rail network"*, produced by Hutchison Ports (UK) Limited and the Strategic Rail Authority, 12 November 2004

<sup>9</sup> Page 8 of the Report of the Joint Study Group, *"Impacts on the national rail network"*, produced by Hutchison Ports (UK) Limited and the Strategic Rail Authority, 12 November 2004

*for the Felixstowe Branch Line and Ipswich Yard to provide for the additional numbers of freight trains and for 24 wagon trains."*<sup>10</sup>

- 1.26 In connection with the FSR proposals, FDRC entered into a section 106 agreement with Suffolk Coastal District Council and Suffolk County Council<sup>11</sup> (the FSR Section 106 Agreement) which specifically addressed the need for rail capacity enhancements.
- 1.27 The UK's ports are an essential part of the transport infrastructure on which the UK economy and many businesses depend. The importance of ports to the UK economy cannot be overstated: currently around 95% of UK export/import goods, by volume, go through UK ports.
- 1.28 Ports are not merely vital for trade. They also offer wider economic benefits. If all marine related activities and supporting industries are included the industry contributes around £28bn to UK GDP.
- 1.29 Rail freight already plays an important role in the movement of goods in the East of England. Around 3.5 million tonnes of goods were transported from the region by rail in 2003, the majority being maritime container flows from the ports of which Felixstowe was by far the most significant.
- 1.30 Freight forecasts suggest that considerable growth in freight volumes can be expected up to 2021 in the East of England region. The forecasting exercise indicates that total freight moved by road and rail in the region will be between 304 and 313 million tonnes by 2021. Total freight moved by road and rail in 2003 was 279 million tonnes (CD84).
- 1.31 National and regional policy clearly promotes a greater use of rail freight. The freight forecasts undertaken for the study suggests that the unconstrained rail freight demand in the East of England by 2021 will be between 20 and 24 million tonnes. Rail freight demand in 2003 was 9.1 million tonnes.
- 1.32 The economic benefits of switching the haulage of containers from road to rail have been considered using Sensitive Lorry Miles (SLMs). These monetary values are the Government's measure and are designed to reflect the costs of HGVs on roads and the

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<sup>10</sup> Page 33 of the Report of the Joint Study Group, *"Impacts on the national rail network"*, 12 November 2004 produced by Hutchison Ports (UK) Limited and the Strategic Rail Authority

<sup>11</sup> *Deed made pursuant to Section 106 of the Town and Country Planning Act 1990 relating to the proposed Felixstowe South Reconfiguration, between Suffolk Coastal District Council, Suffolk County Council and The Felixstowe Dock and Railway Company, 25 November 2004.*

economic and environmental benefits to be gained from shifting freight from road to rail or water.

- 1.33 We know that a 24 wagon long train, capable of transporting 3 TEUs per wagon at 85% loading and on 275 working rail days per year carries the equivalent of 11,295 containers per year.
- 1.34 This application is based on an increased demand on the branch line of 13 two-way train movements per day by 2023. Therefore, 293,670 containers per year will be removed from the nations roads at that time.
- 1.35 Simplistically, if we assume that 50% of the freight will travel between Felixstowe and the North West and the balance to the North East, in one year the SLM value would be £38.7m<sup>12</sup>.
- 1.36 Accompanying the Application was a Statement of Consultation (CD4) this gives details on the consultation programme undertaken by FDRC and discusses the outcomes of the consultation.
- 1.37 HPUK has a good track record of consulting with stakeholders. This includes consultation at a local level with the public, the local Councils, the local Planning Authorities as well as other regulatory organisations and consultees.
- 1.38 Consultation was also undertaken with local authorities. Various meetings with the Council have also taken place since and ongoing consultation will be maintained with the Councils should the TWA Order be approved.
- 1.39 Ardent Management Limited managed consultation with land and property owners on behalf of FDRC; and ERM ensured that statutory consultees and other key stakeholders were given the opportunity to express an opinion on the details of the EIA.
- 1.40 Concerns were raised (OBJ/14) that there has been no demonstration of an increase in demand nor has it been shown how freight would be encouraged off the roads; assertions made that many trains are not full and they haul fewer than the maximum number of wagons; that the dualling would become a parking place; that there is a need

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<sup>12</sup>  $(293,670 \times 50\% \times £132.98) + (293,670 \times 50\% \times £135.73) = £38.7m$

for policies to be in place to make rail more attractive, efficient and economical; and, light running locomotives use up capacity.

- 1.41 In March 2004 the SRA produced a paper “Felixstowe – Ipswich Local Rail Freight Capacity Issues”. Since the production of the paper and significantly the gauge clearing of the Ipswich tunnel and GEML to/from London, demand for rail paths and utilisation of all trains has increased. The SRA forecast a train demand of 18 paths per day in 2007, whereas by 2006 there are already 25 trains per day each way.
- 1.42 On a typical rail working day the number of trains in and out of the port each day has increased from 16 in 2003 to 24 in 2005.
- 1.43 By mid 2006 the 25 trains each way per day capacity limit had been reached. Over the same period the port’s overall traffic has remained reasonably stable growing from 1.6m containers in 2003 to 1.7m containers in 2005.
- 1.44 The Port’s existing rail terminals provide sufficient length to accommodate only 22 and 20 wagons. The New North Rail Terminal which is to be constructed within the port will provide a working railhead capable of accommodating up to 30 x 3 TEU wagons. Consequently it is envisaged that, the incidence of 24 wagon trains will increase in the future.
- 1.45 Wagons not being loaded could be for a number of reasons:
  - 1.45.1 Freight operators often marshal wagons for maintenance or repair and remove them to depots elsewhere in the country;
  - 1.45.2 The use of specialist low platform wagons for 9ft 6” containers on non-gauge cleared routes;
  - 1.45.3 The proportion of 40’ containers has increased from 40% to 50% of the rail container demand during 2006. This can result in standard 60’ wagons only carrying 1 x 40’ container; and,
  - 1.45.4 A high proportion of containers exported from the UK are empty. Goods exported are often of low value (waste paper and products for recycling) and benefit from low sea freight rates that otherwise empty containers can attract. The inland transport will take the lowest cost route back to the port. Return

loads by road transport are a highly competitive area and export trains are generally less utilised than import trains.

- 1.46 The proposed length of track is sufficient to enable a number of flighted trains to pass each other whilst moving. If FDRC were not concerned about the impact of standing trains on the local environment, then a shorter, dualled loop would have created some capacity at a significantly reduced cost.
- 1.47 The policies to encourage the development of the rail network to attract freight and the shift of freight from road to rail (or water) are in place and firmly established. In terms of taking action to encourage a modal shift to rail, what is proposed in this application and the gauge improvements that HPUK are funding on the wider network will do just that.
- 1.48 The selection of the means of transporting goods is subject to commercial decisions. Road transport is most competitive, convenient and efficient for short haul journeys. Rail becomes more competitive as distance increases and over very long distances road transport cannot compete effectively with rail. There is sufficient medium to long distance volume, which with other factors such as the provision of rail capability, road pricing, a shortage of HGV drivers and the full implementation of the Working Time Directive (exacerbating driver shortages and costs), which will make rail even more competitive over increasingly lesser distances.
- 1.49 Light running locomotives run solo, i.e:- without any paying or empty freight wagons accompanying them ( that is – Engine only ) Being ‘light’ they accelerate, run and brake faster and slot onto the branch line between timetabled passenger and freight services. They do not use the same amount of capacity as a full train; however, they do take up some capacity. FDRC is working with Network Rail to consider opportunities for some growth in rail capacity until the branch line improvements could be made, the removal of ‘light’ locomotives and replacement by extra trains may be one such opportunity.
- 1.50 As with the FSR proposals, the Works to which the Application relates will positively advantage the UK and will be funded by HPUK without any call on the public purse. We understand that these works represent the largest single investment by a private body in the freight operations of the UK railway network.

- 1.51 Felixstowe Branch Line and Ipswich Yard works will be funded from the projected strong cashflow of HPUK in the foreseeable future together with the ability of HPUK to raise further financing, if so required, and the support of HWL. HPUK sees itself as a contributor to the national economy, not a burden.
- 1.52 The facilities provided by the FSR scheme are vital to meet the UK's needs as a trading nation. Additional capacity and deep-water facilities are required to ensure the UK does not lose business to non-UK ports. A loss of such business or a failure to meet the growth of such business will substantially harm UK economic growth and the general prosperity of the UK.
- 1.53 The Port is the largest generator of intermodal rail freight in the UK; Rail freight makes a valid contribution to protecting the environment and helping the Government to meet its commitments to improving air-quality, tackling climate change and removing HGV's from our roads.
- 1.54 The proposed Felixstowe Branch Line dualling and Ipswich Yard improvements scheme will build on the Port's proven track record and success story to date.
- 1.55 The FSR scheme and development of the NNRT is in line with the Government's guidance that ports should make best use of their existing infrastructure when undertaking expansion.
- 1.56 I respectfully request that the Secretary of State grant the necessary consents and permissions to allow the Felixstowe Branch Line and the Ipswich Yard improvements and associated works to proceed.